

Message Text

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43

ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 EB-11 COME-00 SCEM-02 TRSE-00

AID-20 IGA-02 NEA-10 DRC-01 /177 W

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R 101344Z NOV 73

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC 9235

INFO AMEMBASSY CARACAS

C O N F I D E N T I A L SANTO DOMINGO 4608

E.O. 11652: GDS

TAGS: ENRG, DR

SUBJECT: POSSIBLE INTERNATIONAL IMPLICATIONS OF PETROLEUM

SCARCITY FOR THE DOMINICAN REPUBLIC

1. THE SCARCITY OF PETROLEUM COULD HAVE SOME DOMESTIC POLITICAL IMPLICATIONS FOR THE STABILITY OF THE BALAGUER GOVERNMENT, AND FOR ANY SUCCEEDING GOVERNMENT AS WELL. THESE IMPLICATIONS WILL BE TREATED IN A SEPARATE MESSAGE. THE PURPOSE OF THIS MESSAGE IS TO RAISE A NOTE OF CAUTION OVER THE POSSIBLE INTERNATIONAL IMPLICATIONS FOR THE DR OF THE ENERGY CRISIS.

2. AS THE DEPT IS AWARE, CUBA POSSESSES NO INDIGENOUS SOURCE OF ENERGY AND IS CONSEQUENTLY TOTALLY DEPENDENT UPON PETROLEUM IMPORTS FOR ITS ECONOMY TO FUNCTION. I HAVE LONG BELIEVED THEREFORE THAT WHOEVER SUPPLIED PETROLEUM TO CUBA COULD EXERCISE VERY CONSIDERABLE LEVERAGE THERE. NEEDLESS TO SAY, BLACK SEA DEPOSITS ARE CUBA'S CURRENT SOURCE OF SUPPLY.

3. THE DOMINICAN REPUBLIC'S ENERGY SUPPLY SITUATION IS QUITE SIMILAR TO THAT OF CUBA. ALTHOUGH BLESSED BY SOME RIVERS THAT HAVE BEEN AND ARE BEING DAMMED, A VERY MAJOR PART OF THE DOMINICAN ECONOMY IS NEVERTHELESS DEPENDENT UPON PETROLEUM IMPORTS. THERE

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IS NO DOMESTIC OIL PRODUCTION. THIS YEAR SOME 6 MILLION

BARRELS OF RECONSTITUTED CRUDE WILL BE IMPORTED FROM VENEZUELA FOR REFINING HERE BY THE SHELL COMPANY. ABOUT 8 MILLION BARRELS WILL BE REQUIRED IN 1974. IN ADDITION, ABOUT 6 MILLION BARRELS OF OTHER PETROLEUM PRODUCTS WILL BE IMPORTED IN 1973 DIRECTLY FOR CONSUMPTION. PETROLEUM IMPORTS PROVIDE ABOUT 90 PERCENT OF THE DOMREP'S ENERGY REQUIREMENTS.

4. IN WHAT MAY WELL BECOME A SCRAMBLE BY THE INDUSTRIALIZED NATIONS (EUROPE AND JAPAN, PARTICULARLY) TO CONTRACT FOR AS MUCH PETROLEUM AS POSSIBLE IN THE FACE OF THE CURRENT SHORTAGE, I WOULD HOPE THAT THE VERY LARGE PURCHASING POWER AT THE COMMAND OF THESE NATIONS DOES NOT RESULT IN SQUEEZING OUT THIS SMALL COUNTRY. SHOULD THAT OCCUR, WE MIGHT WELL EXPECT THE SOVIET UNION EITHER DIRECTLY OR THROUGH ITS ARAB FRIENDS TO OFFER TO EASE THE DOMREP'S PETROLEUM SHORTAGE, THEREBY OBTAINING A VERY SIGNIFICANT FOOTHOLD IN A COUNTRY SO HIGHLY DEPENDENT UPON PETROLEUM IMPORTS.

5. I HAVE EXPRESSED THIS CONCERN ON A PERSONAL BASIS TO MY VERY ABLE VENEZUELAN COLLEAGUE, AMBASSADOR GLORIA STOLK, NOTING VENEZUELA'S CARIBBEAN INTERESTS AND OBJECTIVES.
HURWITCH

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